

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION

AUTOMOBILE INSURANCE AFFORDABILITY HEARING

Northern Michigan University
602 Cohodas Administrative Center
Monday, November 24, 2008, 4:00 p.m.

APPEARANCES:

Hearing Panel: MR. MELVIN BUTCH HOLLOWELL, CHAIR
State Insurance Consumer Advocate
MR. KENNETH L. ROSS, CO-CHAIR
State Insurance Commissioner
MR. MARK GAFFNEY
President, Michigan AFL-CIO

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(Written testimony of Phillip Muccio, CPO

President/Founder Bioflex, Inc.)

1 Marquette, Michigan

2 Monday, November 24, 2008 - 3:59 p.m.

3 (Exhibit 1 marked)

4 MR. HOLLOWELL: Okay. I think we're going to get
5 started. Good afternoon, everybody. My name is Butch
6 Hollowell, and I'm the State Insurance Consumer Advocate.
7 And I want to welcome you here to the fourth and final
8 insurance affordability hearing that we're having around the
9 state. The hearings have gone all across Michigan. It
10 started in Grand Rapids and then after that we were in Bay
11 City, following Bay City was in Detroit and now we're in
12 beautiful Marquette, at this incredibly beautiful facility.
13 And I also wanted to start off by thanking Northern Michigan
14 University, in particular President Les Wong and his office.
15 They've been incredible. The AV department and Judy Maara,
16 the conference and catering. So it's just been a really
17 nice welcome that we've had. So we want to thank you all
18 for being here. And I know I probably don't need to say
19 this, but if everyone would get your cell phone, and if you
20 would turn it to off or at least to silence so that we can
21 have attention during the entire hearing. The hearing is
22 scheduled from 4:00 to 6:00. It doesn't have to go that
23 long, or maybe it could go a little longer, but we'll play
24 that by ear. And so essentially the focus of the hearing is
25 looking at the affordability of automobile insurance here in

1 this State. And there's two specific questions, you know,
2 that we're going to, you know, be focusing on. And question
3 number one is are rates here in Michigan affordable, and
4 question number two is does the regulatory scheme that we
5 have, is it adequate to oversee the rate-making structure.
6 These are the two issues that we're going to be looking at
7 with these hearings.

8 Now, also you should have in your possession a poll,
9 just an audience poll, where we want to take your
10 temperature on what's going on and your -- your life and how
11 you've been experiencing auto insurance. And we'll announce
12 the results of that. And you should know that we have a
13 court reporter here just over to my right, and so we'll have
14 a transcript of these entire hearings. And that transcript
15 from all four hearings will be downloaded to our website,
16 which is Michigan.gov/lowerratesnow, so the entire
17 transcript will be available to you, as well as any
18 documents that have been submitted. If you have any letters
19 or if there were reports or there are any studies or things
20 like that that people have wanted to introduce, statements,
21 what-have-you, the procedure is that they would give them to
22 the hearings clerk, and that's Mary Miller. And we'll have
23 them labeled and then it will be entered into the record by
24 the court reporter. The way that we will proceed is we'll
25 have just a very brief overview, and then we will hear from

1 individuals representing the industry and consumers, and
2 then your turn, which is really why we're here. And we're
3 just frankly very thankful that you've taken the time out
4 from your day to be here.

5 Now, I'd like to introduce the folks who are
6 sitting to my right and left. And I'm just thrilled that
7 here to my left is our State Insurance Commissioner, Ken
8 Ross. And he is the head of the Office of Financial and
9 Insurance Regulation, so that includes not only the
10 insurance industries, but also the banking industries. It
11 is a big job, and so as the Commissioner, he oversees all of
12 that. And there could not be a finer person representing
13 the state's interests in connection with that. And so thank
14 you for being here, Mr. Commissioner. Would you like to say
15 anything?

16 MR. ROSS: I just thank you for the opportunity.
17 Luckily we had good weather driving up here today, and I'm
18 here to hear particularly any citizens who are willing to
19 provide testimony on these issues, because we have a very
20 exceptional system, I think, in Michigan to provide
21 financial security and coverage for those driving
22 automobiles. It's a system, however, that is an expensive
23 system, and I have continuing concerns that it not become
24 too expensive so that people can't take advantage of it.
25 Because if people can't afford a great system, it's not much

1 of a system. So I'm interested in hearing particularly
2 citizens' input on that issue. Thank you.

3 MR. HOLLOWELL: Thank you, Mr. Commissioner. And
4 then to my right is -- I'm just really thrilled that he can
5 be here. Mark Gaffney, who is our colleague here, is
6 President of the Michigan AFL/CIO. And I think, Mark, you
7 were telling me 450,000 active members throughout the State
8 of Michigan. He represents working men and women across the
9 state. They work for economic justice in the workplace, as
10 well as in society. I can't tell you how happy we are that
11 you are here with us. Would you like to say anything, Mark?

12 MR. GAFFNEY: Thank you, Mr. Hollowell. I'm
13 pleased to be here today to share the perspective of
14 Michigan citizens on the important issue of auto insurance
15 rates. While driving and owning a car in Michigan isn't
16 necessarily a right, it is certainly a necessity. Folks in
17 our Upper Peninsula know that as well as anyone. While it
18 may not seem -- since 1989 we've seen auto insurance rates
19 rise about 3-1/2 percent a year on the average, and while
20 that may not seem like a lot in each and every year, may I
21 remind you of two things. One, that's a total of 69 percent
22 over 19 years, and workers, working families in Michigan
23 have not necessarily seen their incomes rise 3-1/2 percent
24 every year for the last 19 years. So it's important to
25 union members and all Michigan working families that auto

1 insurance rates be reasonable, affordable, appropriate and
2 fair. And, Mr. Hollowell, let me thank you for including
3 the AFL-CIO in the hearing today.

4 MR. HOLLOWELL: We're delighted that you're here;
5 we're just -- just delighted. Thank you very much. Okay.
6 So I'm going to start out with a very brief overview. And
7 there were some promises that were made that I wanted to
8 just talk to you about, just to give you a perspective. I
9 was a freshman in high school in September of 1973, and that
10 was when no fault went into effect, so in -- so in 1973 no
11 fault went into effect. And there were three famous
12 promises that were made with respect to no fault. Promise
13 number one is that it's a simple system. And by that, you
14 know, they got rid of the tort system that preceded it, so
15 you don't have to sue anybody to get your recovery; you go
16 to your own insurance company in order to get your relief.
17 So it's a simple system. It got rid of having to, you know,
18 do a lawsuit.

19 And then, number two, it made you whole. And this was
20 the idea from Governor Milliken. And the idea was, again,
21 that if you are injured in the course of an automobile
22 accident, we will make sure that the system will take care
23 of you, so there are lifetime benefits that we have here in
24 Michigan. And so we wanted to make sure that we would take
25 care of people. And so this was one of the key components

1 of it.

2 Does anybody remember what the third famous no fault
3 promise was?

4 AUDIENCE MEMBER: Yeah, key component.

5 MR. HOLLOWELL: What was it?

6 AUDIENCE MEMBER: Key component.

7 MR. HOLLOWELL: Lower rates. That was the third
8 famous promise; lower rates. That rates would go down. Why
9 would rates go down? Rates would go down because more
10 people -- now people are required to have insurance. The
11 tradeoff is that, one, you had to make sure that you
12 wouldn't sue unless there's death or serious impairment of
13 bodily function. So -- and then number two is you're now
14 required to have no fault insurance. So it's a compulsory
15 system. And this was the tradeoff. So for the three famous
16 promises, you had to say, one I'm going to give up the right
17 to sue except under certain circumstances, and now it is a
18 compulsory system; you must have it. You can spend up to a
19 year in jail if you don't have insurance in Michigan. So
20 these were the tradeoffs. But something happened. Rates
21 didn't go down; they actually went up. And as President
22 Gaffney was saying, they went up -- they went up immediately
23 after no fault went into effect, and we've seen a continual
24 increase and, in recent years in particular, we've seen a
25 spike. Again, since 1969, 69 percent. So rates didn't go

1 down; they went up. And so the Michigan Supreme Court
2 stepped in and said you cannot have a system which requires
3 insurance without some guarantee that rates are affordable
4 to the consumer. So you all remember Soapy Williams, G.
5 Mennen Williams, who used to be governor, and then he was
6 Chief Justice of the Michigan Supreme Court. So he
7 declared -- the Michigan Supreme Court declared no fault was
8 unconstitutional in 1978. It was a famous case called
9 Shavers vs Attorney General. And his ruling was, we've got
10 to make sure that rates are affordable for people. And his
11 definition is that they had to be fair and equitable to the
12 consumer. Okay. So they declared no fault
13 unconstitutional, and the Supreme Court said to the
14 Legislature, "All right. Now you've got to fix it. You
15 must come up with a definition of affordability to the
16 consumer." But there was another twist. The Legislature
17 came up with a definition from the insurance industry's
18 perspective. And instead of what's affordable to the
19 consumer, it was reasonable competition among insurance
20 companies. And so what we have here is two different
21 definitions of affordability in Michigan. It's kind of an
22 odd situation. And they live side by side, and they're at
23 war with each other. And so what has happened is over
24 the -- since really '78, we've been following the
25 Legislature's definition, and, as a result, I want you to

1 look at what their definition was. The Legislature wrote a
2 401 word definition of affordability. There is a loophole
3 and a exception of every line, and I wanted you to see it.
4 401 words. If anybody can read it and understand it, they
5 win the gold star. And this is what happened. And I think
6 this is really -- this goes to the heart of our problem.
7 We'll get to that in one second. Now, just to give you a
8 perspective, the entire Gettysburg Address is only 272
9 words. This is to tell you how long it took for the
10 Legislature to put their definition in place. So Lincoln
11 saved the entire union in 272 words, and the insurance
12 industry put together a definition that we're living under
13 now, 401 words. And here is the result. We have some of
14 the highest rates in the nation. The average state-wide
15 rate in Michigan is about \$1000 for the average annual
16 premium. We're right just below New Jersey, which is the
17 highest in America, and that's at 1100. We pay the highest
18 collision premium in the United States, \$436. We have the
19 highest urban premium in the United States. Now, when I
20 talk about 69 percent, President Gaffney talked about it and
21 I talked about it, what that means is that we're going to
22 pass New Jersey soon, so we're right on -- unfortunately on
23 their heels and we're going to -- we will pass them soon, at
24 a time when we can least afford it.

25 And I just wanted you to also look at the insurance

1 industry profits, what they've been in the past few years.
2 And nationally insurance industry profits have been setting
3 all time U.S. records, except for in 2001. I think we all
4 know what happened on September the 11th there. But, with
5 that exception, even including Katrina, these
6 records -- these profits have been at record levels. 2006
7 was a U.S. record, 2005 was a U.S. record, 2004, 2003, these
8 were all records. This is truly the golden age of the
9 industry.

10 Deregulation. Rates now can be raised in Michigan
11 without the prior approval of the state. So essentially the
12 companies can give themselves a raise without a prior
13 hearing, without prior approval. The Commissioner does not
14 have the authority to order refunds, even if they are
15 required. And credit scoring, your credit history, how you
16 pay your bills, your occupation, the job that you have and
17 your level of education are all being used by insurers;
18 since 1996 they've been using it. Now, recently the Court
19 of Appeals had a good decision on that, but still the
20 companies are using these factors until the Michigan Supreme
21 Court decides to hear the case.

22 So why we're here today is to look at -- hear from you
23 what can we do to make rates more affordable. So we're
24 going to hear from different sides. We'd like to hear from
25 you, and, you know, at a time again when we're looking at

1 unemployment figures and figures of deep economic distress,
2 we need to do everything we can to help the pocketbooks of
3 the ordinary consumer.

4 Now, with that, I am going to stop. We're going to
5 hear from Scott Hummel, and Scott is the vice president of
6 the Michigan Association of Insurance Agents. He's had a
7 very distinguished career. From 2001 to 2006 he served in
8 the State Legislature, in the House of Representatives,
9 representing Clinton and Gratiot Counties. He was chair of
10 the House Appropriations Committee. And, again, now he's
11 vice president at the Michigan Association of Insurance
12 Agents. And it is the largest association in Michigan for
13 the independent insurance agent, and it represents
14 approximately 1,100 agencies and 10,000 industry employees.
15 And so, Scott, if you'd come on up. And we're delighted
16 that you're here.

17 MR. HUMMEL: Thank you, Mr. Hollowell, and -- I
18 should say Insurance Advocate Hollowell. And Commissioner
19 Ross and Mr. Gaffney, thank you. I appreciate the
20 opportunity to be here, and the Michigan Association of
21 Insurance Agents appreciates the opportunity for us to
22 testify here at this public hearing.

23 You gave us a brief description of MAIA. If I could
24 expand upon that just a little bit, it's a state-wide trade
25 association of over 1,000 independent insurance agencies and

1 their 10,000 employees and agents. Our members are
2 independently owned small businesses that offer a variety of
3 insurance and financial services, and, generally speaking,
4 represent more than one company. Although our members act
5 as distributors of insurance products offered by a multitude
6 of companies, independent agents will, when a loss occurs,
7 stand with a client or insurance consumer and advocate on
8 their behalf until the claim is settled. Mr. Hollowell,
9 you've asked us to address two questions, and the first is
10 are Michigan auto insurance rates affordable. This question
11 should be addressed not solely related to actual premium
12 costs for insurance consumers, but also to the level of
13 benefits received. And you've mentioned that in Michigan we
14 have some of the -- well, we have the most -- or I guess it
15 was the Insurance Commissioner that mentioned that we have
16 probably the most generous benefits in the country. In
17 addition, the number of uninsureds, the number of
18 competitors in the marketplace and other cost drivers should
19 be considered in trying to answer that question.

20 Under Michigan's auto no fault law, Michigan's drivers
21 and passengers are provided some of the most comprehensive
22 protections offered in the country in the event of
23 automobile-related injuries received in an accident.
24 Unlimited personal injury protection, or PIP, provides
25 medical care and covers health-related expenses until the

1 injured party recovers, or for their entire life, if they
2 were tragically never to recover from their injuries. No
3 other state provides unlimited medical benefits in such
4 instances; no other state. With the increasing cost of
5 health care related expenses that have far outpaced the rate
6 of inflation, it's a wonder that Michigan doesn't rank
7 higher in state combined average premiums for the 50 states.
8 2002 statistics from the NAIC rank Michigan 13th among the
9 states with an average premium of \$925, compared to the
10 country average of \$831. Now, if you also take the cost of
11 the MCCA related expenses, some were involved in the
12 catastrophic accident, of about \$100 a year, that we are not
13 out of line with the average cost for all states if you
14 subtract that MCCA charge from the Michigan average cost and
15 compare that with the average for all states. Again,
16 balancing the benefits that we receive under no fault versus
17 the cost of that insurance.

18 The number of uninsured in the marketplace might also
19 be an indicator of affordability. In Michigan, drivers must
20 have automobile insurance, and certainly there are penalties
21 assessed if we don't. You've alluded to that. One might
22 interpret that if there's a large number of uninsured in the
23 state or in any one area that are willing to risk exposure
24 to both violation of state law and personal loss, that might
25 be reflective of affordability concerns. Some estimates

1 show that the state level of the uninsured may be as high as
2 17 percent in Michigan, and that's not out of line with
3 other states. However, there are some urban areas where the
4 estates rise as high as 50 percent of those driving without
5 insurance coverage. Now, that is a concern and that may be
6 reflective of affordability issues.

7 A lack of competitors in the state or a particular
8 region may also be an indicator of affordability. With 169
9 domestic insurers and over 1000 foreign or out of state
10 insurance companies operating in Michigan, one can safely
11 conclude that there probably is a competitive marketplace in
12 Michigan, and that leads to competitive pricing for
13 consumers. Anecdotally, many agents in our association have
14 indicated that their workload has increased significantly
15 over the last couple years as the economy has turned down,
16 as people are out shopping more, trying to make their
17 dollars go farther, and they're being lured from company to
18 company through lower rates. But, in Michigan, if there is
19 competition, and that does appear to be the rule, are there
20 areas in the state where we see a lack of competition,
21 because, again, that may be indicative of the high cost of
22 doing business in those areas. And we have to ask the
23 question as to what those underlying costs are that are
24 keeping competition from happening.

25 We have to be honest in admitting that businesses and

1 insurance companies as well are in the business to make
2 money and to make a profit. They will go where -- any
3 business will go where the opportunity is, and if they don't
4 go there, there's probably reasons why they don't, if they
5 can't make a profit. So what are some of those cost
6 factors? Fraudulent claims, auto theft, medical costs,
7 uninsured motorists, auto repairs, all contribute to the
8 cost of auto insurance. The increased cost of auto
9 insurance has been directly related to the increase of some
10 of the factors I just listed, with hospital services
11 themselves outpacing the cost of insurance by over 100
12 percent. Again, in an unlimited medical state, like we have
13 here, that's significant. In an 2005 epic MRA statewide
14 poll of Michigan voters on insurance related issues,
15 respondents indicated that the top three reasons consumers
16 believed or they believed that insurance costs were rising
17 faster than the rate of inflation were, one, the rising cost
18 of health care; two, fraudulent claims by consumers; and,
19 three, frivolous lawsuits. Even when they had the choice to
20 choose also profits by insurance companies or executive pay
21 as well. So insurance consumers get it, and we should, too.

22 In conclusion on this particular question,
23 affordability concerns are being linked to profits for the
24 insurance industry. I need to ask a fundamental question
25 regarding profits. What happens when an industry is not

1 profitable? Well, I think all we have to do is to consider
2 the auto industry today, especially here in Michigan, and
3 where they are. They've lost thousands of jobs even in
4 Michigan in the last decade, precisely because it has not
5 been profitable. Hostile business environments are great
6 for states like Indiana or Wyoming, who have been actively
7 at work in Michigan trying to lure not only workers but also
8 companies out of Michigan, insurance companies and business
9 in general.

10 The insurance industry is healthy in Michigan,
11 protecting consumers' lives and investments. They provide
12 thousands of jobs here in the state at the company level, at
13 the agent level, for the health care industry, for auto
14 repair shops. You get the idea.

15 The second question, has Michigan's deregulation of the
16 insurance industry allowed for adequate oversight of auto
17 insurance rates begs the question, who is doing the
18 regulating. My -- my sense and my experience says, one,
19 that the Insurance Commissioner or the Office of Insurance
20 and Financial Regulation is one, but also the State
21 Legislature. I won't speak on behalf of OFIR. Commissioner
22 Ross can do that; he does have many tools at his disposal,
23 however. But I would like to take just a moment and speak
24 on the -- as a former legislator and a representative of
25 MAIA. It's my opinion that the State Legislature does have

1 and always will have oversight of insurance related issues,
2 and specifically the cost of auto insurance. The question
3 is whether the legislature takes its opportunity for
4 oversight. In this case, I think there's one main reason
5 that it has not addressed this as a body. The legislature
6 tends to be a reactive body, meaning that if an issue or a
7 crisis appears, it will respond. And it will respond
8 quickly if constituents are asking for action. Are people
9 complaining about their auto insurance costs? To a small
10 degree, yes; in certain areas, definitely. And I think that
11 is reflective in what you see happening at the state
12 legislature. It hasn't reached a critical mass as a
13 statewide issue. There have not been any high profile
14 legislative hearings to investigate or even consider whether
15 or not auto insurance rates are affordable. Specific
16 legislation has been introduced by individual legislators in
17 an attempt to address some affordability issues, and
18 indicate some concerns for specific areas of the state, most
19 notably Detroit. But, for a majority of legislators, this
20 does not appear to be a significant issue for their
21 constituents. They're not hearing the same sort of concern
22 that legislators in the Detroit area are. The affordability
23 issue appears to be an area-specific problem, not a state
24 crisis demanding significant changes to Michigan's auto no
25 fault laws. And we can get into more discussion on the

1 specific area if you'd like in the question and answer
2 period.

3 I would like to conclude my testimony by offering a
4 fairly simple way of addressing the question of
5 affordability. It's not mine; in fact, we heard it at our
6 first hearing. But if we take the average premium cost in
7 Michigan, which is about \$1,000, it's actually a little bit
8 less than that, and divide it by the average miles driven
9 per year by an individual -- let's use 10,000 for simplicity
10 sake. It's actually a little bit more than that -- the
11 average cost per mile for auto insurance in Michigan is
12 roughly 10 cents per mile. And if you take what it costs
13 for catastrophic coverage out of that \$1,000, which is \$100,
14 then the auto insurance consumer is protecting themselves in
15 the event of a catastrophic accident for less than a penny a
16 mile. And that coverage through the MCCA and that cost is
17 the same for every driver in the state. It's the same. And
18 that is affordable. Mr. Hollowell, again, thank you. I
19 appreciate the opportunity to speak, and I'd be happy to
20 answer any questions you may have, or the others on the
21 panel.

22 MR. HOLLOWELL: Thank you. Thank you, Mr. Hummel.
23 Mr. Commissioner, any questions?

24 MR. ROSS: No.

25 MR. HOLLOWELL: Mr. Gaffney?

1 MR. GAFFNEY: Mr. Hummel, have you heard
2 complaints about auto rates other than the Detroit area?
3 It's come to my attention that folks in Saginaw and Flint
4 are also seeing their costs out of line.

5 MR. HUMMEL: It would be mostly urban areas, if,
6 in fact, that were the case. Most of what I've heard, both
7 as a legislator and a -- now in my position with the
8 Independent Agents has been the Detroit area. In fact, we
9 have tried to work with those in the Detroit area. Myself
10 and some of the insurance company representatives met with
11 area pastors in the Detroit area, looking at the
12 affordability issues down there. Because it's not just an
13 issue in terms of the cost, but it's actually an economic
14 issue for Detroit. I mean people are leaving the City
15 because of those sort of costs associated there. So I think
16 it's very important that the legislature address that at
17 some point. How you get the whole legislature involved in
18 that is a different issue, since it's not -- it doesn't seem
19 to rise to the issue of a state-wide concern.

20 MR. HOLLOWELL: You've changed your testimony a
21 little bit since the first time.

22 MR. HUMMEL: A little bit.

23 MR. HOLLOWELL: In fact, a lot.

24 MR. HUMMEL: Well, I didn't think it was that
25 much.

1 MR. HOLLOWELL: A lot. I actually have the
2 transcript, so I can tell you. You've really changed it a
3 lot since you testified in Grand Rapids. In fact, you
4 didn't talk about area specific at all in your testimony in
5 Grand Rapids; is that true?

6 MR. HUMMEL: That's true; I did not.

7 MR. HOLLOWELL: So is this a new recognition on
8 your part?

9 MR. HUMMEL: No, I think we -- we recognized that
10 before. I think this is just an admission that if I was
11 going to address the regulation of the -- the legislature's
12 oversight of this issue, that was an example showing why it
13 hasn't risen to the legislature looking at this as a whole,
14 but, rather, specific legislators trying to push specific
15 legislation to address this issue.

16 MR. HOLLOWELL: Well, in fact, the interesting
17 thing is we've had state wide hearings, and so this is the
18 third of four, and that the first hearing was in Grand
19 Rapids and a second hearing was in Bay City and the third is
20 here in the Upper Peninsula.

21 MR. HUMMEL: That's why I specifically said
22 legislative hearings.

23 MR. HOLLOWELL: Well, these aren't legislative
24 hearings. These are hearings for the people.

25 MR. HUMMEL: Well, I was referring to legislators

1 in Lansing having hearings based upon this issue.

2 MR. HOLLOWELL: And I was referring to the people.

3 MR. HUMMEL: Okay.

4 MR. HOLLOWELL: And so you talked also about cost.
5 You said cost in the system and you talked about fraud. Are
6 there any -- is there any statistics that you can share with
7 us that you have on a statewide basis as it relates to
8 fraud?

9 MR. HUMMEL: I don't have them with me, Mr.
10 Hollowell, but I --

11 MR. HOLLOWELL: Does anyone?

12 MR. HUMMEL: I would have to look into that. I
13 know it's an issue. I know the Insurance Commissioner and
14 the companies are working on --

15 MR. HOLLOWELL: I've talked to them.

16 MR. HUMMEL: -- the anti-fraud bureau, are working
17 towards that end.

18 MR. HOLLOWELL: I've talked to the companies. No
19 one says they have Michigan specific statistics. Does that
20 surprise you?

21 MR. HUMMEL: No, I think that's a very difficult
22 issue to follow, to be honest with you.

23 MR. HOLLOWELL: But you raised it.

24 MR. HUMMEL: I did raise it.

25 MR. HOLLOWELL: But there's no statistics.

1 MR. HUMMEL: That doesn't mean it doesn't happen.

2 MR. HOLLOWELL: But there's no --

3 MR. HUMMEL: In fact, I would -- I would go so
4 much as to say that my understanding of the process of
5 reporting fraud in certain areas lends -- excuse me.
6 Reporting auto theft in certain areas lends itself towards
7 fraud.

8 MR. HOLLOWELL: How much is auto theft of the
9 entire premium?

10 MR. HUMMEL: I believe it's approximately 2
11 percent.

12 MR. HOLLOWELL: Yes. Now, you also talked about
13 theft, repair and other costs.

14 MR. HUMMEL: Uh-huh (affirmative).

15 MR. HOLLOWELL: You didn't talk about profits as a
16 part of the costs. Was that an omission on your part or --

17 MR. HUMMEL: No, I did talk about -- I didn't -- I
18 talked in terms of other costs.

19 MR. HOLLOWELL: I said insurance industry profit
20 as a part of the cost.

21 MR. HUMMEL: Right.

22 MR. HOLLOWELL: But you didn't talk about that.

23 MR. HUMMEL: I did talk about profits, but I
24 talked about it in terms of relating to the need for
25 companies to be profitable, and comparing that with the auto

1 industry that's not profitable.

2 MR. HOLLOWELL: Is it fair for us to look at
3 industry profits as part of the cost?

4 MR. HUMMEL: I think it probably is -- let me put
5 it this way. I think that --

6 MR. HOLLOWELL: I mean you're looking at all kinds
7 of costs.

8 MR. HUMMEL: Well, I know.

9 MR. HOLLOWELL: But the one cost that you leave
10 out was the insurance industry's record profits.

11 MR. HUMMEL: And that, I believe, was a national
12 profit.

13 MR. HOLLOWELL: It is.

14 MR. HUMMEL: And talking about all lines of
15 insurance, not necessarily automobile lines. They're not
16 Michigan specific. I'd be interested in seeing the profits
17 for Michigan companies related to auto insurance, since
18 that's what we're basing this on.

19 MR. HOLLOWELL: We do have some, in the Angoff
20 study. And it indicates that they're very profitable here
21 in Michigan. I mean claims are down; right? You're an
22 agent. Claims are down.

23 MR. HUMMEL: I know the statistics lend itself
24 towards there being less -- related to the auto -- or auto
25 insurance, less incidences of claims and less severity.

1 However, when you look at the sophistication that goes into
2 an automobile today versus even ten years ago in terms of
3 air bags, self-restraint system, antilock brakes, those are
4 significant cost drivers when someone is involved in an
5 automobile accident.

6 MR. HOLLOWELL: And, in fact, there were 9,000
7 fewer accidents in the State of Michigan between 1996 and
8 2006; isn't that right?

9 MR. HUMMEL: You have those statistics, sir.

10 MR. HOLLOWELL: Does that sound right?

11 MR. HUMMEL: I don't have those in front of me.

12 MR. HOLLOWELL: 54 percent decrease. What I'm
13 saying is -- yes?

14 MR. HUMMEL: You have the statistics in front of
15 you; --

16 MR. HOLLOWELL: I do.

17 MR. HUMMEL: -- I do not.

18 MR. HOLLOWELL: Those statistics are showing that
19 Michigan drivers are using their seatbelts now like they
20 weren't ever before, the graduated driver's license law
21 seems to be working. Dramatic reductions in the number of
22 crashes, but we see rates continue to go up.

23 MR. HUMMEL: And I think that's reflective, again,
24 of the -- we'll say the costs associated with what goes into
25 insurance. If you look at Michigan's no fault auto

1 insurance over the last decade and compare that with motor
2 vehicle insurance in general for the country, it's 32 versus
3 31 percent. Medical care items have gone up 45 percent,
4 physician services 32 percent, hospital services 75 percent,
5 motor vehicle body work 30 percent. They're all in line.

6 MR. HOLLOWELL: And profit is up very
7 significantly. 63.7 billion, the highest in U.S. history.

8 MR. HUMMEL: What has been the percentage since
9 1999?

10 MR. HOLLOWELL: Since '89 it's been a 69 percent
11 increase.

12 MR. HUMMEL: But since '99, to compare it with
13 these figures.

14 MR. HOLLOWELL: They continue to go up.

15 MR. HUMMEL: Not every year it doesn't.

16 MR. HOLLOWELL: It's about an average of 3-1/2
17 percent a year. You said another thing about the economic
18 climate. Now, Michigan has now the highest rate of
19 unemployment in the nation. Should we consider an
20 individual's ability to pay a premium when we look at the
21 affordability of insurance?

22 MR. HUMMEL: Could you clarify that? You're
23 asking me --

24 MR. HOLLOWELL: Yeah. I mean if I make \$35,000 a
25 year and if I've got a premium that's, I don't know, two

1 grand a year or, you know, \$1,000 a year, should we look at
2 the ability that I have in terms of my income and my other
3 bills in looking at what's affordable and what's not. I
4 mean we do that in other industries. Like if we say, you
5 know, can you afford a mortgage that's \$600,000 versus a
6 mortgage that's 50,000.

7 MR. HUMMEL So you're just asking should we look
8 at the definition of affordability in relationship to
9 ability to pay; is that what you're asking me?

10 MR. HOLLOWELL: Is it a factor? Should it be a
11 factor, one's ability to pay?

12 MR. HUMMEL: I don't think so.

13 MR. HOLLOWELL: At all?

14 MR. HUMMEL: No.

15 MR. HOLLOWELL: Okay. And then you also indicated
16 that there was an EPIC poll.

17 MR. HUMMEL: Uh-huh (affirmative).

18 MR. HOLLOWELL: How many participated in that
19 poll?

20 MR. HUMMEL: I'd have to get that information for
21 you. That's a poll that actually MAIA did in 2005. Well,
22 hang on just a second. I may have it with me here. If you
23 want to ask me another question while I look.

24 MR. HOLLOWELL: I'll wait.

25 (Mr. Hummel reviews documents)

1 MR. HUMMEL: I don't have the numbers, sir, but I
2 think I can find that out.

3 MR. HOLLOWELL: I actually do have the numbers.

4 MR. HUMMEL: Oh, okay. Great.

5 MR. HOLLOWELL: There are 250 people that were
6 surveyed in that. And you're a former elected member of the
7 legislature. Is that a valid statistical group from which
8 to derive a meaningful number?

9 MR. HUMMEL: I think the -- probably the error
10 rate is higher than most -- some you might see.

11 MR. HOLLOWELL: Would you rely on it if you were
12 running for office?

13 MR. HUMMEL: If that's all I had, yeah.

14 MR. HOLLOWELL: You would?

15 MR. HUMMEL: Uh-huh (affirmative).

16 MR. HOLLOWELL: Oh, okay. And who paid for it?

17 MR. HUMMEL: I believe we paid for that.

18 MR. HOLLOWELL: I don't have any more questions.
19 Thank you.

20 MR. HUMMEL: Thank you.

21 MR. HOLLOWELL: And now we will hear from Fran
22 Wallace. Fran Wallace was, until June of this year, the
23 Chief Deputy Commissioner of the Office of Financial and
24 Insurance Regulation. And before that she was Director of
25 the Health Plans Division. What she will do is to read into

1 the record testimony from the expert that testified on
2 behalf of consumers, and his name is Birney Birnbaum. Mr.
3 Birnbaum is the Executive Director of the Center for
4 Economic Justice in Austin, Texas, who had a long history of
5 working on behalf of consumers on insurance issues. He has
6 been the chief economist of the Texas Department of
7 Insurance, and he also has special knowledge of insurance
8 data, collection and public access to the data necessary for
9 consumers to hold insurers accountable for market practices.
10 He has a Master's Degree from the Massachusetts Institute of
11 Technology in both management and urban studies and
12 planning. He's one of a handful of consumer advocates
13 funded by the National Association of Insurance
14 Commissioners, and he is on the NAIC's -- National
15 Association of Insurance Commissioners -- Board of Trustees.
16 So, thank you, Fran Wallace, for agreeing to read the
17 testimony into the record for Mr. Birnbaum.

18 MS. WALLACE: Thank you, Mr. Hollowell. Mr.
19 Birnbaum begins.

20 "I'd like to summarize my main conclusions. First is
21 that the cost of auto insurance in Michigan places a
22 significant financial burden and is unaffordable for a
23 large and growing portion of Michigan consumers. The
24 problem is not because of no-fault insurance, and it
25 will not be solved by cutting no-fault coverage.

1 Insurers should not be responsible for solving broader
2 economic problems in society, but the sale of auto
3 insurance should not penalize those experiencing
4 economic hardships. Yet, because of the way insurers
5 rate insurance policies, insurers are, in fact,
6 penalizing middle class Michiganians with unfair and
7 excessive auto premiums. The current system of lax
8 regulatory oversight, deregulation, does not provide
9 meaningful or sufficient consumer protection. In the
10 same way that deregulation led to abusive mortgage
11 ending and a financial crisis, the deregulation of auto
12 insurance has led to market failures and a lack of
13 affordability for a large number of consumers. The
14 answer to the problems of auto insurance affordability
15 is not to eliminate essential coverage, which is
16 exactly what the so-called limited no fault option
17 does; rather, the solution to the affordability
18 problems is to enact meaningful regulatory oversight
19 over policy forms, rates and risk classifications, and
20 to prohibit unfair rating factors based on economic
21 status, and to promote rating factors which empower the
22 consumer, such as pay by the mile auto insurance, which
23 will spur true competition in auto insurance markets.
24 Okay. A little bit of an overview. As the consumer
25 advocate talked about, Michigan's average auto premium

1 is relatively high. Now the latest numbers from the
2 NAIC say that the average premium is \$925, which is
3 13th highest compared to the U.S. average of \$817. So
4 Michigan overall is a lot higher than the national
5 average, and, since 2001, the increase has been over 26
6 percent compared to only 12 percent nationally, so the
7 numbers are high and getting higher. Now, in terms of
8 the burden, while the average expenditure is 13th
9 highest, in 2004-05 government figures say that
10 Michigan had the 27th highest median household incomes,
11 so not the 13th highest, but the 27th highest. So
12 while Michigan is in the middle in terms of median
13 household income, it's closer to the top in terms of
14 auto expenditures.

15 Now, another way that the burden or the unaffordability
16 of auto insurance on average can be shown is that
17 Michigan has a higher uninsured motorist rate than the
18 country on average. The Insurance Research Council in
19 2004 showed the U.S. at 14 percent and Michigan at 17
20 percent. Now averages really don't tell the whole
21 story. The fact that a few consumers pay the average
22 doesn't tell us what the large number of consumers are
23 paying, and large numbers of consumers are paying
24 clearly more than the average, and, in many cases, much
25 more than the average. Now, we used to think that high

1 auto insurance premiums were for bad drivers, people
2 who have had a lot of accidents or driving violations.
3 But that's really not the case anymore. Insurers are
4 using a host of rating factors that penalize consumers
5 for economic conditions. Before I get into those
6 particular factors, let's look at some of the economic
7 conditions. In 2007, Michigan ranked third highest in
8 foreclosure rates, almost 2 percent of homes just in
9 2007 made foreclosures. Since 2005, 300,000
10 foreclosures have been made and 200,000 filings just
11 since 2007. The most recent unemployment statistics
12 put Michigan at number two, at 8.7 percent. This year
13 alone there have been 80,000 net jobs lost. In terms
14 of homeowner's equity, 46.6 percent of mortgages have
15 negative or near negative equity, which means there's
16 more owed on the mortgage than the home is worth,
17 almost half of the homes in Michigan. That 46.6 is
18 twice the national average. It's second highest in the
19 nation. Michiganians have the second lowest net
20 homeowner's equity of only 15 percent, which, of
21 course, means that there's very little room for
22 catastrophic issues. Now, given these economic
23 indicators, even fairly priced auto insurance would be
24 a challenge for middle class Michigan consumers. But
25 because of lax or no regulatory oversight of how

1 insurers use auto rating factors, insurers are
2 penalizing middle class consumers because of economic
3 conditions outside of the consumer's control, using
4 things like credit score. Now, what are some of the
5 things that go into your credit score. Well, certainly
6 some of it is whether you pay your bills on time, but a
7 lot of what goes into your score is the ratio of your
8 debt to your limit. Well, as people become unemployed
9 and they use their credit cards more and they rely more
10 on debt, those go up. Now, foreclosures, that means
11 more public notice, so credit scores and credit
12 histories are deteriorating, which means that insurers
13 are getting higher premiums even without changing
14 rates. Insurances also use employment and education
15 factors. They use other factors that are tied to
16 economic status, such as prior bodily injury limits and
17 prior insurance carriers and household composition, the
18 number of drivers versus vehicles. So they punish
19 consumers who try to economize by getting rid of a
20 vehicle, and have two drivers with one car. What's
21 missing are rating factors rated towards driving record
22 and miles driven. Consumers who are driving many fewer
23 miles because they've lost their job or because of high
24 gas prices should see immediate reductions in insurance
25 premiums, but with the current rating system, if the

1 consumer sees any reduction at all, it will be in the
2 future.

3 Now, as I said before, insurance companies shouldn't
4 be in the position of solving economic problems in
5 society, but they shouldn't be penalizing consumers for
6 those economic problems. And that's what the situation
7 is now. And what we have is a failure of the current
8 regulatory system, which is a failure of deregulation.
9 There are three types -- there are three aspects of
10 deregulation. One is policy forms, which is the
11 product itself; overall rates; and the third is risk
12 factors or rating factors. In terms of forms, there's
13 virtually no regulation at all. The forms don't even
14 have to be filed. These are complex legal documents.
15 The idea that consumers don't need somebody skilled
16 like a regulator to look at those documents and
17 determine that they are fair is absurd. The other
18 thing about it is that the amount of coverage and the
19 nature of the coverage is intimately tied to what's a
20 fair rate. So if you have no oversight over the
21 product, then how can you determine whether the rates
22 are fair. In terms of overall rates themselves, the
23 statutes say that the Commissioner cannot do anything
24 unless he or she first finds that there's no
25 competition or there's a lack of competition. Now, let

1 me touch on that. That's truly not only absurd, but
2 unworkable. It presumes that in a, quote, 'competitive
3 market,' no insurer could possibly charge an excessive
4 rate. Well, let me give you some data. In 2007 the
5 loss ratios for auto physical damage -- and when I say
6 the loss ratio, that is the amount of dollars paid out
7 in claims as a percentage of the premium. And 70
8 percent is a minimum for what the claim payout should
9 be. 70 percent means that you're paying out in claims,
10 but you're making enough between investment income and
11 underwriting profit that you make a reasonable rate of
12 return. In 2007 Allstate paid out 43.6 percent, Auto
13 Club 54.4 percent and State Farm 72.4 percent. Now,
14 how can you have a range of 30 percentage points, and
15 all those rates are reasonable? Was that an anomaly?
16 No. In 2006, Allstate only paid out 41.6 percent, Auto
17 Club was at 52.8 percent and State Farm at 65.9
18 percent. It should be obvious that somebody should be
19 looking at Allstate's rates, and you don't -- you
20 shouldn't need to make this grand determination that
21 there is, quote, 'no competition in the marketplace.'
22 Now, at the last hearing I talked about the unfair
23 rating factors. And, again, this is a problem. In
24 theory the statute says that you can only use a certain
25 number of rating factors for auto insurance, and yet

1 there seems to be this loophole that says you can use
2 anything else as long as it's, quote, 'a discount,'
3 except insurers have never demonstrated that these
4 rating factors are, in fact, discounts that result in
5 lower expected claim costs.

6 So when you put all three of those together, you have
7 basically a regulatory system where there's no
8 oversight. Basically it says we have complete faith in
9 the market, and yet there are clear market failures.
10 And what we have seen, you know, in the mortgage
11 market, it makes clear, and even Alan Greenspan has
12 admitted, is that you can't really rely simply on
13 market forces to protect consumers."

14 Thank you, Mr. Hollowell.

15 MR. HOLLOWELL: Thank you. Mr. Commissioner, any
16 questions?

17 MR. ROSS: He's not here to answer. She's just
18 reading his testimony.

19 MR. HOLLOWELL: Okay.

20 MR. GAFFNEY: Maybe you could explain, Fran, not
21 based on the testimony, but based on your work over the
22 years, how it could work to reduce insurance rates if
23 someone lost their job and drove less. Is there a way that
24 we could actually do that? Because, to me, the point that
25 the economist was making seems to make sense; right? At the

1 beginning of the year, I'm driving a lot to and from work.
2 I lose my job, I spend a period of months -- in Michigan it
3 could end up being a long period of months -- and I'm
4 driving a heck of a lot less, in theory reducing my risk to
5 myself and to the insurance company. Would -- could you
6 conceive of some sort of reporting mechanism or something?

7 MS. WALLACE: I think that if rates were based --
8 if more of the premium that you pay was based on your
9 driving behavior and how far you drive, how much you drive,
10 then that factor would have more weight in whether your
11 premium went up or down. For example, in the State of
12 California, they determined that there should be a rating
13 system that placed more emphasis on miles driven than upon
14 other factors. Their legislature and their voters simply
15 said we don't -- we don't want to just go with some
16 insurance carrier's statistical model or what actuaries
17 think is right. We think it's good public policy to, say,
18 when you base your rates, give more weight to these factors
19 than to other factors. And so that would be one way it
20 would -- as if rates placed more emphasis on miles driven,
21 since your rate tends to change every six months, because
22 most of us have six months' policies, then it seems to me it
23 would stream in a little faster if more of your rate
24 reflected your driving -- the number of miles that you
25 drive. Is that responsive to your question?

1 MR. GAFFNEY: Uh-huh (affirmative). Thank you.

2 MR. HOLLOWELL: I did have one issue. You heard
3 Mr. Hummel's testimony. As you read Mr. Birnbaum's
4 testimony into the record, I made a little checklist. And
5 he talked about Michigan -- and the checklist was under,
6 really, on this overall heading of what he calls the middle
7 class burden. And he ticks off a number of things that you
8 went through as you read it into the record. He talks about
9 Michigan's foreclosures, Michigan's unemployment rate,
10 Michigan's negative homeowner's equity, Michigan's insurance
11 companies' use of credit scoring, education and employment.
12 Michigan's failure of the deregulation system, Michigan's
13 unreasonable rates and Michigan's regulatory system with no
14 oversight. Mr. Hummel said that from their perspective, or
15 from his perspective, that this was an area specific issue.
16 Did Mr. Birnbaum's testimony ever talk about being area
17 specific or was it all state-wide?

18 MS. WALLACE: Mr. Hollowell, it appears to be all
19 state-wide and it appears to be tied to economic class.

20 MR. HOLLOWELL: Thank you. Thanks very much. All
21 right. Now, at this part of the hearing, you all saw in the
22 back of the room that there are these testimony cards that
23 we're going to fill out. And so we're going to call them in
24 order. And so if you would come forward, there is a
25 microphone over here at the front. If you'd come up as I

1 call your name, and then make sure -- so that the court
2 reporter can get it, if you would spell -- you know, say
3 your name and then spell it and then, you know, we'll give
4 you a reasonable amount of time. We've been using the three
5 minute rule of thumb, but we'll -- we'll be flexible on
6 that. So the first name that I have is Bill Hetrick. Is
7 Mr. Hetrick --

8 AUDIENCE MEMBER: He's not here.

9 MR. HOLLOWELL: He's not. Okay. All right.
10 We'll call him -- see if he comes back. David Smith.

11 MR. SMITH: Good afternoon.

12 MR. HOLLOWELL: Good afternoon. If you'd just
13 give us your full name and spell it, please.

14 MR. SMITH: It's David Robert -- D-a-v-I-d
15 R-o-b-e-r-t -- Smith. S-m-I-t-h.

16 MR. HOLLOWELL: Thank you for being here.

17 MR. SMITH: My pleasure. I come wearing several
18 different hats, not only as a Michigan resident and consumer
19 of auto no fault insurance, but also a case manager for over
20 fifteen years with Marquette General's Traumatic Brain
21 Injury program. And I'm the U.P. representative for the
22 Brain Injury Association of Michigan.

23 MR. HOLLOWELL: With Marquette General, you said?

24 MR. SMITH: Marquette General. And I'm also with
25 the Brain Injury Association of Michigan. So I kind of

1 delve myself into advocacy for clients, providing services
2 that are medically necessary for them. As a provider,
3 definitely I agree with PIP benefits, not from just lining
4 my pocketbook and making an income. I just see the long
5 term effects of head injury, and how allowing the consumer
6 to decide that amount or having someone else decide that
7 amount could have some very negative benefits or effects on
8 someone's future of medical care. Another aspect of my
9 role, I'm -- I work with the Department of Community Health
10 on developing traumatic brain injury services, with specific
11 attention in the Medicaid realm, which, in reading Governor
12 Granholm's article in The Mining Journal yesterday talking
13 about cutbacks, makes me very saddened that there may be
14 some cutbacks in the future with our new proposal that has
15 been approved, but we just need to find some funding. My
16 concern if there would be a change in auto type services or
17 PIP benefits in Michigan is that consumers would be more
18 reliant on state services for those. And services are less
19 and less. I'm very saddened to say that auto no fault
20 clientele receive and are given different options than
21 someone who is not an auto no fault type individual. So
22 it's very sad to see that individual not get the same
23 opportunities to maximize their recovery process.

24 MR. HOLLOWELL: What do you mean by that, there's
25 a different level of care?

1 MR. SMITH: Opportunities for a client with
2 Medicaid versus a client with auto no fault can vary.

3 MR. HOLLOWELL: So let's say we have somebody
4 that's got auto no fault and somebody who has got Medicaid,
5 what's the difference that you see?

6 MR. SMITH: I see, as a coordinator of services,
7 that, say, you use examples of a car accident versus someone
8 falling off of a ladder, maybe the same type of injury, same
9 kind of deficits, the auto no fault is going to help that
10 person with not only the medical expenses, but also the lost
11 wages because they can't work. The additional assistance
12 they're going to need at home or if they need to be
13 hospitalized in a residential facility, or need specific
14 care within the home, under Medicaid those services are
15 going to be vastly different. I'm not going to have someone
16 through Medicaid to pay lost wages, I'm not going to have
17 someone to help that family provide care in the home. Yes,
18 I do see that the system is not perfect between the two, but
19 it is vastly different. And when I see someone that's
20 involved in an automobile accident, I know at least that
21 they're going to be taken care of. Not necessarily that I'm
22 going to be the one providing the care for them, but they're
23 going to at least be taken care of to help them through the
24 recovery process to help them with their goals, and
25 hopefully become a member of society again that can be

1 productive and can be as independent as possible.

2 MR. HOLLOWELL: If I could ask you another
3 question, if someone has a traumatic brain injury, in terms
4 of the cost of medical care and that, how fast do those
5 kinds of costs build up? Let's say that you come into
6 Marquette General and you're in the emergency room, you've
7 had a terrible car accident and you're in the ICU for a week
8 or whatever the amount of time is, three or four days, what
9 kinds of costs are we talking about?

10 MR. SMITH: To be terribly honest with you, I
11 wouldn't know the exact dollar figure. I can only estimate
12 based on the numbers I'm familiar with when it comes to
13 outpatient therapy services. And just from an outpatient,
14 to give you an example, if I have a client that needs multi-
15 disciplinary therapy, and in my mind that's occupational,
16 physical, speech, maybe neuropsychological services, every
17 time they come through the door it's about \$1,000. So if
18 they're there two or three times per week, we're talking 2-
19 to \$3,000 a week, plus additional expenses beyond that when
20 it comes to physician charges, to other medical expenses,
21 pharmaceuticals, home care. You know, you can just keep
22 going from there.

23 MR. HOLLOWELL: Do you ever see people go bankrupt
24 as a result of health care costs, or know about that?

25 MR. SMITH: I see patients make choices of not

1 following through with medical care because of the potential
2 expenses, yes. I see that a lot.

3 MR. HOLLOWELL: Mr. Commissioner, any questions?

4 MR. ROSS: I'd just be interested, since the focus
5 is on cost, are you aware, given your perspective and your
6 interaction with the system, of areas in which cost savings
7 could be realized while still maintaining a sufficiently
8 robust system of cost recovery?

9 MR. SMITH: From my experience I think -- you
10 know, I'm not touting, you know, my horn, but I think case
11 management, medical case management can be a big cost
12 savings, where they can actually follow that client through
13 the system and making sure that that client is getting to
14 where they should be and trying to cut down the expense,
15 increase the communication.

16 MR. ROSS: Do you find, because I think case
17 management services appear to be -- you find differences
18 between companies and differences between folks who are in
19 the system, whether or not they're able to utilize case
20 management, do you find a difference between companies on
21 their ability to use -- between patients, their ability to
22 use case managers effectively, or across the board are you
23 able to use a case manager on an approach for your auto no
24 fault clients in order to kind of centralize and coordinate
25 care for a person, to kind of wrap that around them so

1 they're getting an appropriate amount, but not redundant
2 care?

3 MR. SMITH: It's not real consistent, except
4 certain companies, and I think it determines -- there may be
5 a formulary out there that's utilized based on the
6 catastrophic factors. But I always promote -- and I know my
7 therapy team and physicians promote case management to help
8 with that communication, because that's just key when it
9 comes to the rehab perspective, in my experience.

10 MR. ROSS: And do you find it to be the case that
11 from the other side of the equation the patients who are
12 utilizing the case management find it beneficial to have
13 someone, or is there sometimes a resistance to use a case
14 manager effectively to kind of negotiate the system? What's
15 your experience in that regard?

16 MR. SMITH: A majority it's helpful. On occasion
17 it's -- and if you get into some of the lawsuit issues, that
18 makes it sometimes more of a barrier than necessarily
19 assisting.

20 MR. ROSS: And do you -- if I could just ask one
21 more?

22 MR. HOLLOWELL: Sure.

23 MR. ROSS: Do you think that the climate in this
24 area geographically positions a case manager any different
25 than the rest of the state, or would there be a uniformity

1 among your counterparts in other areas of the state, based
2 on your understanding, your experience and maybe networking
3 or talking with your counterparts across the state?

4 MR. SMITH: I think there's a consistency, but,
5 also, living in the Upper Peninsula, we have a lot larger
6 geographic area between providers, and I think it makes it
7 even more important to have a case manager bridge that gap,
8 versus in a more metropolitan type area. You may have lots
9 of case managers that are closely located to the client and
10 to the provider. I think it's all very helpful, but I think
11 when you get into the geographic area that we have here,
12 that can definitely really bridge a gap if you have a
13 patient living in the Copper Country and their physician is
14 in Marquette, what's to make sure that everything gets
15 followed through with. You know, that patient may not see
16 that physician for another six to eight weeks, and maybe if
17 there's weather or there's a cancellation or whatever the
18 reasoning may be, that sometimes is the link between the
19 client and the provider.

20 MR. ROSS: Thank you.

21 MR. HOLLOWELL: That's good. President Gaffney?

22 MR. GAFFNEY: Thank you for very interesting
23 testimony. One -- one question, as a practitioner in the
24 field, would you be supportive or not supportive of a
25 reduction in those medical benefits, or a choice to reduce

your own medical benefits in order to save the costs or
reduce the costs of auto insurance?

MR. SMITH: My personal?

MR. GAFFNEY: Yeah.

MR. SMITH: I'd say no.

MR. GAFFNEY: Thank you.

MR. SMITH: Just recently I was able to cut my rates extensively by joining with my homeowner policy. I saved like \$400, so I was extremely pleased to see that. But I would -- you know, I guess the reason that I buy insurance is for protection, and it's something to help in that regards if I need it, you know, to pay for my medical, pay for repairs or whatever, as well as the fact it's the law. You know, I guess I look at it from those three simple means, that I don't think that I right now would be a good choice to allow me or -- personally to make a decision of, you know, cutting my insurance rates if it would affect the amount of coverage that I would have for auto PIP benefits, should I be injured in a car accident. I guess it's a -- it's where I work; I've seen too much.

MR. GAFFNEY: Thank you.

MR. HOLLOWELL: Thank you. And just so that we have it for the record, we're using the acronym PIP.

MR. SMITH: Yeah.

MR. HOLLOWELL: What do you mean by PIP?

1 MR. SMITH: Personal injury protection.

2 MR. HOLLOWELL: Thank you. We really appreciate
3 your testimony. Thank you so much.

4 MR. SMITH: Thank you, gentlemen. I appreciate
5 it. Is that is?

6 MR. HOLLOWELL: That's -- all right. Bill
7 Hetrick. Has Bill Hetrick come back? Not yet. Okay. All
8 right. Now Cheryl -- I think it's called --

9 MS. SHERONY: Sherony (pronouncing).

10 MR. HOLLOWELL: Sherony. Thank you. Please come
11 forward.

12 MS. SHERONY: I don't have a written speech.
13 Initially I was in a car accident with my son back in 1986.

14 MR. HOLLOWELL: I'm sorry. If I could just stop
15 you for one sec. If you could state your name and then
16 spell it for the court reporter.

17 MS. SHERONY: Okay. It's Cheryl with a C.
18 Sherony is S -- like in Sam -- h-e-r-o-n-y.

19 MR. HOLLOWELL: I'm sorry to interrupt you. Thank
20 you.

21 MS. SHERONY: S-h-e-r-o-n-y.

22 MR. HOLLOWELL: Thank you.

23 MS. SHERONY: We need no fault insurance in
24 Michigan. There's no doubt about it. My son has gone
25 through life with an injury since 3-1/2 years old. The

1 insurance company kicked in initially and did provide him
2 with therapies, et cetera, because he did have a brain
3 injury and he did have to have brain surgery, which was
4 quite extensive. And without that, even the initial payment
5 would have -- we would have been bankrupt. The insurance
6 company did not tell us of our rights under Michigan. We
7 did not know that I was also supposed to be getting help
8 from the insurance company. They didn't provide me with
9 anything. The lawyers didn't tell me my rights, the
10 insurance company didn't tell me what was covered. And my
11 initial hospitalization was covered by my personal health
12 insurance, and later I developed a marked profound
13 depression from the accident. I was in the hospital for
14 four months; we did not pay for that. My personal insurance
15 paid for what they could, and we had a hearing at the state
16 level and they allowed us to keep our house, otherwise we
17 would have -- wouldn't have had a house. And after 5th
18 grade -- we had then been having tutors through the
19 insurance company for Michael for school. And they -- we
20 could not find tutors for him at the price the insurance
21 company wanted to pay, and so supposedly -- we didn't know
22 this. I didn't know Michael was supposed to get benefits
23 for life; nobody told us. He went through school with both
24 his dad and myself tutoring him. I would tutor him in the
25 mornings before school, and his dad would tutor him at night

1 after supper, and also in the morning sometimes he would get
2 up at 5:00 o'clock and study in the morning. And we did not
3 know we should have had those paid for by the insurance
4 company. His therapy stopped around 5th grade, also. The
5 educational system did pick up on him speech therapy, but
6 they did not know how to effectively provide therapy for a
7 brain injured person at that time. It was later, after he
8 was going through -- tried college, he was supposed to have
9 a note taker through the university disability program, and
10 they would wait until school started, and six, seven weeks
11 down the line they still wouldn't have a note taker for him
12 or provide him with the services that he needed. At that
13 point the university told him that he wasn't a candidate to
14 go to school. And he would study very hard, he was very
15 smart, but it took him longer to learn than the normal
16 person. And so he did have B's and A's in the classes that
17 he did take, but he dropped out because he couldn't keep up
18 with it. Medical -- as far as medical was concerned related
19 to the accident, we were paying from 5th grade through 12th
20 grade, because nobody bothered to tell us what our rights
21 were in Michigan. And also for my illnesses and treatments,
22 they didn't pay for me at all, they didn't let me know that
23 I was also covered under my own insurance. And the lawyer
24 that we went to said "Oh, we'll take Michael's case and
25 you'd better get your own lawyer, because you're going to be

1 sued." They just didn't let me know my rights at all. It
2 was just awful. But once we did find out that Michael was
3 still eligible for medical treatment -- I found this out
4 through a friend -- I called the insurance agency and they
5 said "Oh, well, we closed that case a long time ago." I
6 said "You what?" "We closed it a long time ago." I said
7 "Why?" He still needed help with his ADLs, he could not
8 shower by himself to get himself clean. His dad didn't want
9 to help him. That left me. Do you know how humiliating it
10 was for a teenager to have his mother help him with a
11 shower? It was all the little things that he needed that
12 weren't provided that we did, and we didn't even know we
13 were eligible for payment from the insurance company. We
14 provided it. We could not find a tutor for him because the
15 insurance company only wanted to pay \$5 an hour. And so it
16 was excruciating on my husband to have to provide that
17 therapy himself to Michael while still teaching full-time at
18 the university. As for me, I lost jobs. And nobody
19 bothered to tell me there was a wage benefit in the
20 insurance company for me. And so I think another factor is
21 a lot of people don't even know their rights in Michigan,
22 and that has to be gotten out. We can't -- you know,
23 without no fault auto insurance, Michael would not be able
24 to take care of himself as much as he does today. He
25 learned how to have a conversation, he learned how to talk

1 on the phone, and he didn't learn any of that with the
2 regular therapies provided when he was little. They would
3 bake cookies with him and call that therapy. I don't know
4 what therapy was supposed to be, but I was not happy with
5 what was going on. And people need to know what their
6 rights are in Michigan. You need to have these handouts
7 like this (indicating) provided for people throughout the
8 state. We don't know our rights. And if nobody is willing
9 to cooperate and let us know what our rights are and what we
10 can collect from no fault auto insurance, you might as well
11 not have it.

12 MR. HOLLOWELL: Well, first of all, let me thank
13 you for your courage in standing up here and telling us this
14 story and the story of Michael. Let me ask you a question,
15 if I might. You said some things that really struck home
16 for me, that the insurance company didn't tell you your
17 rights, that you were only allowed to keep your house after
18 a hearing, that you didn't --

19 MS. SHERONY: And that was a hearing because I was
20 in a mental institution and my insurance had run out. And I
21 had a huge bill.

22 MR. HOLLOWELL: And that you didn't know that you
23 were supposed to get your benefits for life. No one told
24 you.

25 MS. SHERONY: No.

1 MR. HOLLOWELL: So if you had to rank the service
2 that you got from the insurance company --

3 MS. SHERONY: And this is not only just from the
4 insurance company; it was also from the lawyers that I saw.

5 MR. HOLLOWELL: So if you had to rank your -- what
6 kind of service -- if you had A through F, what would you
7 give them?

8 MS. SHERONY: F.

9 MR. HOLLOWELL: Thank you. Thanks for your
10 courage. Next, Nora Cardinal, please. Hi, how are you?

11 MS. CARDINAL: Hi. Well, I'm going to read
12 something to you because I'll probably get too emotional,
13 but it comes from my heart.

14 MR. HOLLOWELL: Well, take your time.

15 MS. CARDINAL: My name is Nora Cardinal. N-o-r-a
16 C-a-r-d-I-n-a-l. I don't know -- I'll look at my notes.

17 MR. HOLLOWELL: Take your time and just do it
18 however you like.

19 MS. CARDINAL: I listened to David speak and then
20 I listened to this lady speak, and after this lady spoke, if
21 I have anything to be grateful for, I am to stand up here
22 and say that my insurance -- my daughter's insurance company
23 did come to the hospital after the day of her accident and
24 sat with me and explained everything that she was entitled
25 to, what we could expect. They have been there for us the

1 last three-and-a-half years. They have been -- they have
2 been my lifeline. My daughter had a car accident three-and-
3 a-half years ago. She was in ICU. When you said coma for a
4 week, my daughter was in a coma for five-and-a-half weeks.
5 The prognosis was a nursing home, and that -- you know, that
6 would have been it. And in the U.P., that's pretty much --
7 I mean there isn't -- the services in the U.P. are limited,
8 and so I made the decision for my daughter to go to Grand
9 Rapids. She has had -- a year after her accident she had a
10 condition called heterotopic ossification in her leg. She
11 was starting to walk a little. And I don't really want to
12 get into the details, but let me -- okay. It has been a
13 long three-and-a-half years, but my daughter recently moved
14 into an apartment to further work toward independent living.
15 She could never have had this chance at life again if it
16 weren't for the coverage we had -- that we have. And we
17 have met so many people, and we are so lucky. So many
18 people in the same situation. Some of it is people don't
19 know, some of it is people on Medicaid. They don't have the
20 resources. And if I've learned nothing else in this three-
21 and-a-half years, is brain injured people can heal.

22 MR. HOLLOWELL: Yes.

23 MS. CARDINAL: Brains heal. My daughter is
24 advocating for other people. I'm just so proud of her, and
25 I feel -- I feel blessed. Some days you want to give up,

1 you don't feel so blessed, but, you know what, it's been a
2 long road. And she's been downstate and I live here in
3 Marquette, so a good deal of my life has been -- but I'm
4 seeing the payoffs, I'm seeing the results. This is going
5 to be a productive person, and she's already, like I said,
6 advocating for other people, just -- you know, not that
7 she -- you know, she still can't walk. She's in a
8 wheelchair. Whether she'll ever walk, we don't know. Her
9 brain has gotten much better. She has short-term memory
10 deficits. She will always have deficits. But what we learn
11 is how to work around those deficits, what do you use to --
12 if you forget your schedule for the day, you make a schedule
13 for the day. You know, learning to live independently and
14 without this catastrophic -- do you know what I mean?
15 Without this help, she would never have been able to have a
16 life. And I just -- I'm so grateful. I just -- I do want
17 to address the credit report issue, too.

18 MR. HOLLOWELL: Yes.

19 MS. CARDINAL: My daughter had a \$356 bill from a
20 hospital. She had been taken to the emergency room. It had
21 to do with the car insurance, but for some reason it didn't
22 get paid. I had to go in and check my credit reports this
23 year for another matter, and found out that my credit score
24 had gone from 816 to 691 because of that \$356 bill. And it
25 was put on my credit report because I am her guardian. Need

1 I say any more about that?

2 MR. HOLLOWELL: You said it.

3 MS. CARDINAL: Thank you. Like I said, I am -- I
4 am blessed; I really am. Thank you. And I used to grumble
5 about paying the catastrophic, "Why are we paying this."
6 Believe me, I have had people in my life the last three-and-
7 a half years that -- not just my daughter, but I just -- you
8 live it, you see it. That's the only hope -- that's hope.
9 It's hope for life again, and they can do it. Brains heal.

10 MR. HOLLOWELL: Well, I want to thank you for you,
11 and I want to say that on behalf of the State, we are -- we
12 are blessed that you would have the courage to stand up in
13 front of that microphone and tell us what you just did.
14 Thank you.

15 MS. CARDINAL: All I'm going to say is it came
16 from my heart, and it's what it is.

17 MR. HOLLOWELL: I feel that. Thank you. Next,
18 Bruce Ruben, please.

19 DR. RUBEN: Good afternoon.

20 MR. HOLLOWELL: Good afternoon.

21 DR. RUBEN: Bruce Ruben. R-u-b-e-n.

22 MR. HOLLOWELL: Welcome.

23 DR. RUBEN: I stand as -- I'm a physician who
24 practices in Farmington Hills. I'm certified by the
25 American Board of Internal Medicine in internal medicine and

1 the subspecialty of infectious diseases. I'm also one of
2 only four physicians certified in undersea and hyperbaric
3 medicine, and I'm a provider of wound care to many
4 catastrophically injured patients under the auto no fault
5 personal injury protection. And I wanted to come to share
6 my experience and my hope that this law will remain in
7 force. But, more importantly, I've been taking care of this
8 gentleman here (indicating), Brian Badgett. He has agreed
9 to come with me. I've actually known this gentleman since I
10 graduated fellowship in 1991, I think it was in January.
11 And in August I became acquainted with Brian Badgett. He
12 had had a motor vehicle accident, and had a tibial and a
13 fibular fracture, and ultimately ended up requiring
14 treatment pretty much for the rest of his life, after a
15 number of years continued to pass with recurrent relapses in
16 his lower extremity. And based on his original
17 intraoperative report, the surgeons felt that based on his
18 weight he would be a very poor candidate for an amputation.
19 The experience that I had as a provider with his insurance
20 company was one in which a case manager attempted to
21 convince him and a number of physicians that amputation
22 might be his best option. And the issue came to civil
23 litigation, and ultimately Brian prevailed. And he is going
24 to be 40 December the 3rd, but much of the care that has
25 been provided to him has been by myself without

1 reimbursement, in accordance with your law. Almost, I would
2 say, probably five years piecemeal throughout this entire
3 service has been provided to him, simply because of my
4 ethical value system not to abandon my patient. And through
5 my frustration, it's finally come to the point where I am --
6 I looked at the no fault law, and I really appreciate what
7 you diagramed up on the board, because I was not -- I was
8 actually in the same grade and the same year actually that
9 you were when that law was passed.

10 And I have an interesting analysis about the issue as
11 to the law and its intent, and one was to make -- the law
12 should be simple, make patients whole and lower rates. And
13 the other side of the law was it required Michigan citizens
14 to own no fault coverage, and I believe you stated that the
15 penalties for not holding no fault coverage was up to a year
16 in jail.

17 MR. HOLLOWELL: That's correct.

18 DR. RUBEN: And I find that this is not -- I think
19 the Michigan citizens have held up their end of the bargain
20 and stood up to this statute and purchased no fault law, but
21 I don't -- and through our executive branch and the criminal
22 system and these penalties, scrutiny as well as education
23 has created the atmosphere where this requirement is upheld.
24 However, the other side that the citizens should have been
25 expecting, that individuals are made whole and rates are

1 lower, I'd say has not been upheld by the insurance
2 industry. And so I have asked, other than in the civil
3 litigation arena, Brian here is learning disabled, he has no
4 guardian and he lives with his parents. And -- but not for
5 the medical treatment, I have constantly called his
6 representative on his behalf, and I said there's a law that
7 says you're entitled to reasonable medical care for your
8 accident. And I said who is -- who stands to protect us in
9 the event that a case of a claims adjuster or a large
10 insurance company with a deep pocket decides, without
11 medical background, that "Brian, I'm sorry, we don't think
12 that you need medical treatment." For this (indicating
13 photograph). Okay. He's happy to show you. "So we don't
14 think you need medical treatment for this (indicating).
15 We're sorry." Now, there isn't --

16 MR. HOLLOWELL: If you would -- I'm sorry. I'm
17 going to interrupt you. Describe for the transcript what it
18 is that you are showing us. What is it that you're showing
19 us a picture of?

20 DR. RUBEN: I'm showing a picture of Brian's lower
21 extremity after the insurance company denied his benefit for
22 my recommended treatment, which was intravenous antibiotics.
23 And so Brian then was -- did not have access to that, and
24 his healed leg then had this recurrence in 1994.

25 MR. HOLLOWELL: I'm going to stop you again,

1 Doctor. So describe what that looks like. We can see that,
2 but for those who are just going to read the transcript,
3 what is it -- if you could describe in your own words what
4 you are -- what we are seeing a picture of.

5 DR. RUBEN: What you're seeing is a very large
6 ulcer over the anterior surface of his lower extremity.
7 There's a second ulcer, which actually probes down to
8 Brian's bone. These ulcers remain as a potential limb-
9 threatening problem for him, as well as a life-threatening
10 problem, because if Brian were to undergo amputation, it
11 would require above the knee amputation, and the mortality
12 for that is 50 percent in 5 years. And 10 percent of all
13 those undergoing above the knee amputation actually expire
14 within 30 days of their hospitalization. And, thankfully, I
15 stood as his advocate that he, number one, does not want
16 this type of surgery; and, number two, he's going to be 40.
17 He still walks and he has a life and girlfriend and a normal
18 social circle. And the challenges that are placed on the
19 citizens, with the exception of Nora, who I think had a
20 great experience -- I'd like to know the name of that
21 company. I'd like to go purchase insurance from them. It's
22 nice to know people do the right thing. It's -- it's been
23 an extremely frustrating and challenging situation for me,
24 and I'm hopeful that the legislature -- legislators will
25 find some means of enforcing the law that they created, and

1 give individuals who don't have resources to hire attorneys
2 a governmental resource that they can contact and say, you
3 know, I understand there's fraud from our part, but we feel
4 you're not living up to your obligations, and I think that
5 scrutiny should be legally provided for the insurance
6 industry.

7 And the last comment I want to make is about case
8 managers. A nurse case manager who comes to my office
9 bringing a no fault insured beneficiary, if it's somebody
10 who works for the insurance company, I can expect an adverse
11 situation, because her financial interests are based on the
12 claims adjuster and the insurance industry's interests. If
13 that case manager is independent, I could get two different
14 opinions. The first case manager for this gentleman
15 resigned because she had a father who had an above knee
16 amputation, and she just resigned from the case. And she
17 was independent. The second one was hired by the insurance
18 company and was an insurance advocate. So I have a learning
19 disabled, unprotected individual who cannot speak to these
20 professionals on his own, and I was hoping that the law and
21 my representatives, who I thought was -- they were there to
22 protect me, would hopefully have some avenue, some strength
23 to enforce these laws. And I think independent case
24 management would be a great thing. I think it would improve
25 the efficiency and the delivery of health care, because when

1 you have a number of doctors who are all on the same page,
2 everybody is talking and there's good communication, and the
3 case manager's incentive is to get the patient well, rather
4 than protect the financial interests of a company making
5 money, I think -- I always like to put myself in the shoes
6 of the individual. I think if I was a patient, I don't
7 think I would be reluctant to be with a case manager who was
8 independent, because they're my advocate, they're trying to
9 get me well. The case manager for an insurance company has
10 two things that they're trying to do, and they're always
11 balancing that.

12 MR. HOLLOWELL: Can I stop you for one second?

13 DR. RUBEN: Sure.

14 MR. HOLLOWELL: You responded to a comment that
15 was made relative to earlier testimony about fraud, and then
16 you've described -- you've shown us this picture of the
17 ulcerated lower extremity and have explained to us at this
18 hearing what the response of the insurance companies were.
19 Would you describe their response to that, of denying the
20 appropriate care, as fraudulent?

21 DR. RUBEN: No.

22 MR. HOLLOWELL: What would you describe it as?

23 DR. RUBEN: Oh, their response. I would consider
24 their response as being something that looks at the law and
25 feels like there's no reason to abide by it. I don't know

1 what that type of an attitude is. There's no sense of -- it
2 doesn't feel like the law itself has any real weight behind
3 it, so if I don't agree with you, then I have all kinds of
4 ways in which I can look toward not doing this, and
5 there's -- so I don't -- I wouldn't say fraud, because I'm
6 really not familiar with that.

7 MR. HOLLOWELL: So that's a legal term. But in
8 terms of their response, if you had to grade it on an A to F
9 scale, how would you grade it?

10 DR. RUBEN: F.

11 MR. HOLLOWELL: Thank you. And thank you for your
12 commitment here. You know, it stands out to me, and I'm
13 looking at you and I'm looking at what you've done here in
14 terms of patient advocacy, and I'm very grateful that you've
15 done what you've done.

16 DR. RUBEN: Thank you.

17 MR. HOLLOWELL: Thank you for standing here.

18 DR. RUBEN: I'm grateful for the privilege of
19 doing it.

20 MR. HOLLOWELL: Awesome. Next we'll hear from --
21 I think it's Bruce Sherony. Am I getting that right?

22 MR. SHERONY: Yes.

23 MR. HOLLOWELL: All right. Hi. Thank you for you
24 being here.

25 MR. SHERONY: Thank you. Good afternoon.

1 MR. HOLLOWELL: Good afternoon. Please state your
2 name, and if you'd spell it, please.

3 MR. SHERONY: I am Bruce -- B-r-u-c-e -- Sherony.
4 S-h-e-r-o-n-y. And I'm the father of Michael Sherony. And
5 in 1986 Michael was involved in a traumatic auto accident,
6 resulting with a bad brain injury. That, you know, caused
7 havoc in the family situation, but we were able to try to
8 work through and wade through it. And as my wife had
9 mentioned, we worked with Michael and tried to get him
10 through school, give him the best that we could. And then
11 our advocate attorney informed us that he could receive
12 benefits based on the no fault law, and we were able to
13 interact with the Eisenhower program, and then Michael
14 progressed into that program. And no fault --

15 MR. HOLLOWELL: I'm sorry. If I can interrupt
16 you, what is the Eisenhower program?

17 MR. SHERONY: It's a brain injury program in Ann
18 Arbor, Michigan.

19 MR. HOLLOWELL: Thank you.

20 MR. SHERONY: So after high school, as we saw that
21 Michael needed more and more attention and had difficulties,
22 we were able to get him admitted into that program, which is
23 paid for by the no fault insurance, so without the no fault
24 insurance, we would be in a desperate financial situation.
25 There was no way, given the amount of therapy and all of the

1 costs of a program like that, one could pay for it. And so
2 basically, you know, insurance rates are never easy, but I'm
3 happy to pay for them, being a recipient of the benefits for
4 our son, and so I'm thankful for the no fault policy in the
5 State of Michigan. And I do understand, you know, people
6 who are out of work and are -- and are having problems with
7 employability, have a -- would have a much more difficult
8 time in doing that; however, it seems to me the benefits
9 outweigh the costs, and hopefully our employment stability
10 and our economy in Michigan, you know, will be reformulated
11 and turned around. However, that is going to take time,
12 because the issues are not easy issues. But in the bigger
13 picture, the issues and the economy in the world are not
14 easy issues, and those are part of the cause of the problems
15 that many people in Michigan are going to have regarding
16 employment. However, you know, I'm a strong supporter of
17 the law as I see it at the present time, given we've been
18 able to obtain the benefits that we have. And so the
19 situations are very difficult. These problems are multi-
20 dimensional, and they have to be unfolded over a long time
21 stream. It takes a lot of patient capital to bring these
22 people back; a lot of it, a lot of patient work by a lot of
23 professionals. And that is very challenging to do. But in
24 our own situation, we have seen some of the results of that,
25 but it takes a long time. And that will conclude the

1 comments that I am able to present today.

2 MR. HOLLOWELL: I appreciate your comments. Let
3 me ask you a question. What if the economy doesn't come
4 back?

5 MR. SHERONY: Well, I don't think there's --

6 MR. HOLLOWELL: Well, I mean the question I would
7 be asking is the supposition was that the people are
8 struggling because of the economy. And to pay some of --
9 you know, the affordability of these rates. What happens to
10 that -- those individuals if the economy doesn't come back?

11 MR. SHERONY: Well, I mean at that juncture, one
12 would have to draw that conclusion. I can't anticipate that
13 ever happening, but at that juncture, then, you know, if we
14 were able -- to say the economy will never -- I can't see
15 how that could be in the law of possibilities. That is so
16 remote that I -- I don't even think that way. So I think --
17 you know, you have to work on building better economies, and
18 it will take Michigan probably a long, long time. But there
19 are too many wonderful, strong institutions and wonderful
20 opportunities, plus, you know, in the next 30 or 40 years,
21 our population is going to grow by 20 more million
22 immigrants. So they're going to need things, they're going
23 to need jobs. So if we're watching what we are doing and we
24 can invent and we have smart people watching better
25 opportunities, I -- I foresee the economy coming back, but

1 in our own state, we're going to hurt for a longer time,
2 given the situation that we are in. And that may be an
3 issue, but at that juncture you might have to make -- look
4 at the situation again. But I don't see that occurring.

5 MR. HOLLOWELL: And if it takes 30 or 40 years,
6 what do we do in the interim?

7 MR. SHERONY: Well, I don't know what kind of --
8 we have to -- what we're going to have to do in this state
9 is build economic opportunities for people, because they're
10 going to -- they're going to hurt in doing everything that
11 they do. And so one of the bigger fundamental issues is
12 what can we do economically to build a base and add to it
13 and make it more viable in the market structure. And if
14 they cannot afford no fault, then we would have to look at
15 that, and I think people who are -- can't afford it will
16 have to pay higher premiums, is my best guess. And so
17 people who can't afford it, with some kind of proof that
18 they can't, would be given relief or, you know, that might
19 be possibility, rewarding people who are careful drivers and
20 practice good driving principles. You know, that might be a
21 possibility. Some of the ideas that we have heard about,
22 you know, charging people less premiums who do drive less
23 might be a possibility, but I think there are innovative
24 ways to keep the provisions and get people into economically
25 feasible situations so that they can pay their bills. Now,

1 as it gets harder and harder, you know, I don't know how --
2 how bleak things can get. But I just think that the world
3 is too big, the economy is too potent not to reverse, is my
4 best guess. I mean you're asking me things that are --

5 MR. HOLLOWELL: I know. And thank you so much.
6 Any questions?

7 MR. ROSS: Yeah. I just wanted to make the point
8 that in hearing your testimony, as well as Mrs. Sherony's
9 testimony, my biggest disappointment in the testimony was
10 hearing how poorly it sounds like one of my fellow attorney
11 colleagues did in representing your son in the case that he
12 had, because while we do have a rich and robust no fault
13 system and a wraparound protection that an insured
14 individual in Michigan is entitled to under the law, if
15 someone doesn't understand their rights, they can't access
16 that system effectively. And it's particularly
17 disappointing to hear that you, in fact, were represented by
18 someone who had a law license who didn't apparently
19 understand the basics of the no fault system. So while I
20 can't do anything about it today, I would encourage anyone
21 who wants information about the no fault system, we have a
22 vast amount of information at the Office of Financial
23 Insurance Regulation, both on-line and we have a toll free
24 call center that people can call in and get all kinds of
25 information. It's very unfortunate to hear about someone

1 who has a serious injury, avails themselves of legal
2 representation and then has a practitioner who,
3 unfortunately, doesn't understand, it sounds like, the
4 basics of the system. And in the end your son was the
5 person who paid the price for that for a number of years.

6 MR. SHERONY: Yes, he did.

7 MR. HOLLOWELL: Thank you. Thank you, sir. And
8 also Mike Sherony? It says --

9 MR. SHERONY: I think he decided not to.

10 MR. HOLLOWELL: Thank you, sir. Jason -- I'm
11 going to try this -- Theodoroff (pronouncing). How did I
12 do?

13 MR. THEODOROFF: That was pretty good.

14 MR. HOLLOWELL: All right.

15 MR. THEODOROFF: It's Theodoroff. My name is
16 J-a-s-o-n T-h-e-o-d-o-r-o-f-f. I want to thank you for
17 hearing me today.

18 MR. HOLLOWELL: Thank you for being here.

19 MR. THEODOROFF: I'd like to first start with --
20 because I, myself, am a brain injury survivor from an
21 automobile accident -- I'm a recovering survivor, as they
22 say. And when it comes to recovery, the need never goes
23 away. In a split second, life can change. Mine started
24 with a broken down vehicle on the Lodge Expressway in
25 Detroit. I'm fortunate enough to be covered under the no

1 fault insurance policies. I can only imagine how my
2 recovery would have taken place without it. I have been in
3 a legal battle that has taken forever; I mean years. My one
4 legal battle actually just resolved not long too ago here.
5 That was -- it was filed back in December -- right after my
6 accident in December of '02. It didn't finally even go to
7 trial until June of '07. So I was waiting for quite awhile
8 for that. Would you want to have to go to court and spend
9 the next couple of years fighting to receive rehabilitation
10 that might help some, if not all of your functioning?
11 That's my question I pose to the panel. Because I certainly
12 wouldn't want to. And if you have to, it's a tragedy. Now,
13 you may not suffer from a traumatic brain injury like
14 myself, but try to put yourself into my shoes or the shoes
15 of future victims, who would have no means of paying for
16 recovery or even taking care of themselves. I'm referring
17 to the PIP benefits. I personally am incredibly blessed to
18 be receiving the core kind of care and treatment that I get.
19 I had to learn how to walk and talk all over again. The
20 reason that I'm having such hope for my life is totally
21 dependent on the no fault and PIP benefits that are
22 allocated to me. The small amount of money drivers spend
23 for PIP may just keep your life somewhat normal in the
24 future. I mean it's such a small amount, like \$160 a year.
25 That 160 a year, think about what it provides to you. I

1 mean people say "Oh, yeah, we want to take that out to help
2 lower our bills." But that 160, having that protection, I
3 mean you can spend a lot of money. And I was charged
4 something like \$50,000 coverage, well, it's good to say that
5 my first -- I was in two hospitals. The first hospital I
6 was in, I was only there for -- I shouldn't say "only
7 there." I was there a month before I transferred. That was
8 a couple hundred thousand right there.

9 MR. HOLLOWELL: I'm sorry. So it was a couple
10 hundred thousand for how long?

11 MR. THEODOROFF: For a -- for a month's care right
12 there. And then after all the treatment -- I'm still
13 receiving treatment. I mean I spent well over a million
14 dollars. And the problem I have is that this PIP choice
15 will let you purchase what you think you want in protection.
16 But tell me, how do you really know what you want or what
17 you need. I mean that's like playing -- that's gambling
18 with your life, in a sense. And myself, who had a drunk and
19 drive to gamble with all this; this is the same idea with
20 the PIP choice, you're gambling with your life. Do I buy
21 this much protection or do I buy that much protection. I
22 want our legislature to know that if they didn't have the
23 cushy government benefits, that they'd be subject to the
24 same scenario if it ever happened to them. I'm -- I'm just
25 saying that, because I understand the benefits package that

1 are allotted to lawmakers is pretty -- pretty generous. And
2 people may say that they don't want to live in Michigan
3 because of all the troubles we have and everything, but
4 would they -- but would they really say that if they got
5 into a serious car accident and they needed treatment? The
6 fact is, I'd be happy if I was going to come to Michigan,
7 because you know you're going to get the treatment needed.
8 And people need to know that broken bones heal, but spinal
9 cord and brain injuries are for life. Until they find some
10 measures where they take your brain and automatically go
11 back to its normal form, it's going to be there. And life
12 can be a long time. Thank you.

13 MR. HOLLOWELL: Thank you so much. Any questions?

14 MR. GAFFNEY: I have one question. How did you
15 hear about the hearing today?

16 MR. THEODOROFF: I heard about the hearing today
17 because I'm also a member of the Eisenhower Center, and I
18 was asked if I would come here and speak with you guys
19 today.

20 MR. GAFFNEY: Thank you for doing that. Thank you
21 for doing so.

22 MR. THEODOROFF: Well, thank you.

23 MR. HOLLOWELL: Thank you. Mr. Commissioner?

24 MR. ROSS: Thank you.

25 MR. HOLLOWELL: We appreciate it very much, Mr.

1 Theodoroff.

2 MR. THEODOROFF: Thank you.

3 MR. HOLLOWELL: Next we'll hear from -- we've got
4 a little over ten minutes -- Ken Judge. Mr. Judge?

5 MR. JUDGE: I'm Ken Judge. Hi. I'm Ken Judge.
6 J-u-d-g-e.

7 MR. HOLLOWELL: Just take your time.

8 MR. JUDGE: I am -- I am going to have no fault
9 insurance because I need it to go through school, attend the
10 therapies to learn how to walk again and relearn how to do
11 my ADLs. No fault also helped me to work so that I can be
12 productive and make money. Yeah, mucho money. I have also
13 met a lot of people on my way to recovery, like Scott
14 Battaba (phonetic) who used to be the president of the
15 Eisenhower Center, and his wife Connie Battaba, who was my
16 PC right when I got there. And then I also met Jess Ferdad
17 (phonetic) and John Cornack, who is in the back, who is the
18 president. And now where are we? Because the staff --
19 because they're doing the right thing for us. Also I am
20 glad to have met the staff that do this, because they feel
21 better when they make us feel good. Yeah! If people didn't
22 have no fault as it is now, they could -- they could not
23 have these things. And now another thing from Bill Cosby.
24 I would like everyone to stand up and hold hands. Please.

25 MR. HOLLOWELL: You want everyone to stand up and

1 hold hands?

2 MR. JUDGE: Yeah. That's what -- yeah. I mean
3 this is a good thing.

4 MR. HOLLOWELL: Do you know what? Why not?

5 (Audience and hearing panel stand and hold hands)

6 MR. JUDGE: All right. Then this here is my
7 family. Thank you.

8 MR. HOLLOWELL: Thank you. Very nice. Very nice,
9 Mr. Judge. And, you know, you said for a moment that the
10 staff and those who were working with you make you feel
11 good. You make me feel good, so thank you for doing that.
12 I don't think I've ever seen anything like that happen at a
13 public hearing like this, but I'm glad it happened. I
14 appreciate you very much. And our last speaker will be John
15 Cornack.

16 MR. CORNACK: Hi. My name is John Cornack.
17 J-o-h-n C-o-r-n-a-c-k. One of the reasons we're up here at
18 Marquette is because I'm a Northern Michigan University
19 graduate.

20 MR. HOLLOWELL: All right. You're at home.

21 MR. CORNACK: Yeah. And when some of the folks
22 heard I was coming back home, they wanted to come and they
23 wanted to say their piece. And Michael obviously lives
24 here, and that was wonderful to hear his story, because we
25 live these stories every day.

1 MR. HOLLOWELL: Yes.

2 MR. CORNACK: And what I love most about who you
3 just listened to or the people that have been harmed is --
4 and you may not know this, but acquired brain injury or
5 traumatic brain injury at one time was considered the silent
6 epidemic.

7 MR. HOLLOWELL: Spinal cord or brain?

8 MR. CORNACK: Brain injury.

9 MR. HOLLOWELL: Brain. The silent epidemic?

10 MR. CORNACK: Yeah. It's not silent any longer.
11 I've come to all the hearings now. This is my fourth one.
12 I haven't spoke, because I want to listen to other people.
13 I think listening is important. You only fix things if you
14 listen long enough to know what they want. And I've found
15 out that we have a wonderful auto no fault insurance
16 coverage here. It's something we have to find a way to make
17 affordable to all people, but it's something that's working
18 and it's the premiere service in the country. And it really
19 protects our people against catastrophic loss. In my world,
20 catastrophic loss is all around me, thankfully, because I
21 get to take care of folks that matter. I'm not so worried
22 about the car; I'm more worried about the families that were
23 in the hospital the night of the accident, I'm worried about
24 what they were praying and what they were hoping for. And I
25 get to be there for their children and their loved ones now.

1 Putting people at the forefront is what Michigan auto
2 insurance does, and I think that's what it should be. The
3 car is nice to have, but it's not all that expendable. Who
4 cares if you have it one day or gone the next. We can get
5 back into the horse and buggy, to answer your question. If
6 we can't afford auto no-fault, I'd rather run to work or get
7 to -- or buy a bike. With safer cars, declining claims and
8 higher profits to the insurance companies, why shouldn't
9 insurance premiums go down? Now, I know PIP did the last
10 year or so; right? It went down from a year ago from 118 to
11 106 or 105.

12 MR. HOLLOWELL: 104.

13 MR. CORNACK: Thank you. And thank you for that
14 reduction, insurance companies. Really what's being asked
15 of us is to trade, okay, to gamble things. And really
16 that's what makes me the most nervous. If I'm nervous about
17 anything about this presentation, it's because I'm a
18 spokesperson that is trading or gambling, because I'm part
19 of CPAN, which is the Coalition to Protect Auto No Fault.
20 That's a lot of responsibility. I don't want to harm
21 anyone's future, I don't want to harm the next people who
22 get injured. I want to make sure we keep these really
23 strong benefits. They want us to cap PIP, they want us to
24 go to work comp fees and they want us to reduce fraud. And
25 that's nice. And I think we all want to make sure that auto

1 insurance is affordable, and that we can do it without
2 harming their future, but capping PIP at \$50,000, like you
3 said, would give one of our clients to one hospital, but
4 wouldn't afford it to get to the second. Okay.

5 In one of the hearings, it was stated that -- from the
6 insurance side, they said we believe that if we could get
7 these trades, we believe we bring better rates. Well, the
8 word "believe" is our next word, isn't it? It's just like
9 "affordable" or any other word. What's going to be the
10 definition of believe. We try? And really from our
11 perspective, it's about shifting risk back to the consumer,
12 back to the state. If auto no fault goes away or if we put
13 PIP benefits on -- if we top them out at \$50,000, eventually
14 those folks are going to go bankrupt, eventually those folks
15 will have to -- not go through the health care system at
16 all. They'll be forced into skilled nursing, spend down
17 their assets, get on the Medicaid system, and the state ends
18 up with it anyway. So we really have to be cautious about
19 our decisions, and I think we do have to come to the middle.
20 I don't think there's any clear-cut answer, I don't think --
21 you know, some of our environments need help. I think you
22 mentioned Detroit and Saginaw and Flint. So I thought that
23 when we were talking about affordability, I thought some of
24 our talks have switched to really kind of carving up costs
25 or line item vetoes, where we just don't want to pay for

1 this anymore. And I think what we need to do is management.
2 I enjoyed the case manager up here, because we have a lot of
3 pressure from case managers about keeping, you know, our
4 clinical pathway strong. We always have to be helping
5 someone. We can't just have them live with us, so we have
6 case managers to say "We need to do this, we need to move
7 this forward, we need to get them into a more independent
8 environment and saving costs." So that pressure is always
9 out here for us. For the providers of services, we always
10 have that pressure, and so we're always trying to move that
11 forward. And really you have to pardon our passion a little
12 bit.

13 MR. HOLLOWELL: I like passion.

14 MR. CORNACK: On our provider's side, we get to
15 help people smile again. We get to help people move forward
16 in their life. We get them jobs, we make sure that they
17 have a quality of life, and that's just something you can be
18 passionate about. The answer to the question -- you offered
19 this question to one of the people "Would you pay for PIP?"
20 And I think everyone in Michigan should have to come work
21 for an environment where there is a catastrophic event to an
22 environment, because if you ever worked in an emergency room
23 or in a rehab center, you would find that the PIP is well
24 worth the value. I mean it really opens your eyes to what
25 could happen to your loved ones or to your neighbor, and I'm

1 really willing to pay PIP now and forever as long as we get
2 to repair lives. It works for me. I think what we can do,
3 Mr. Ross, Commissioner Ross, is really, you know, empower
4 you. I would just love -- I love the fact that you bring
5 balance, that that's what you could bring to us, to make
6 sure that the auto no fault stays silent and balanced. We
7 need to get it back to simple. We've made this very
8 difficult even to talk about. We need to get the
9 legislation involved. I know there's a lot of
10 commissioners; I go to the committees. And they're
11 frustrated, even within the committee, so we need to start
12 bringing some kind of real information to them, and let's
13 make some changes and some differences. And we need to
14 allow you to monitor kind of how rates are set and what are
15 some of those parameters that they're setting the rates
16 with. I've sat in all of these meetings and I've sat in the
17 other committee meetings, and they really don't quite
18 understand what credit means yet. I know it's not my
19 personal credit, but it's a grouping of things. So it's my
20 income and it's education level and it's my driving record
21 and it's all sorts of things. I'd like to make that simple
22 as well. Do I drive well, do I drive slowly, do I get in
23 accidents, do I park my car, do I lock it, and have my rate
24 based on that. And we really do need to do one other thing.
25 We need to inform the consumers of what they could lose,

1 because, again, this is -- this is very serious business.
2 We don't want to lose something this precious. And that's
3 all I have for you today.

4 MR. HOLLOWELL: That's very good. Thank you. Any
5 questions?

6 MR. ROSS: I'm sorry, Mr. Cornack. I didn't
7 catch -- I got that you were part of the provider community,
8 but I didn't catch what particular part.

9 MR. CORNACK: CPAN, Coalition to Prevent Auto No
10 Fault.

11 MR. ROSS: What do you do?

12 MR. CORNACK: With them I am the co-chair of the
13 governing body.

14 MR. ROSS: And what do you do professionally?

15 MR. CORNACK: I am the president of Eisenhower
16 Center. It's a traumatic brain injury rehab center in Ann
17 Arbor, Michigan.

18 MR. ROSS: Okay. So you mentioned a couple
19 things, but I'd like to pose the same question to you that I
20 did to Mr. Smith at the beginning, which is someone in your
21 position, I suspect, has insights into the mechanics of the
22 system on a daily basis over a period of time. So if you
23 could give us any insight that you have on ways that you
24 think the system may be made more efficient or improved in
25 any way, I'd be interested in hearing about those.

1 MR. CORNACK: I think consistency in case
2 management would -- would help. You know, like he had
3 stated, you know, up here the case manager is 150 miles
4 away, so a lot of that is going to be done on the phone.
5 But down in the Ann Arbor, Detroit, Grand Rapids, Bay City
6 area, the case managers are at every team meeting. And
7 consistency with their communication and the adjusters of
8 the insurance companies.

9 MR. ROSS: Do you think it would be beneficial to
10 have mandatory independent case managers who would have the
11 ability to both balance the interests of the individual and
12 the insurance company's interests, in the sense of deciding
13 with the practicing team what the best strategy is to
14 address the injured person's needs?

15 MR. CORNACK: Like they do in a court system?

16 MR. ROSS: Well, something that's not quasi-
17 judicial, but that's designed to both protect the system's
18 interest and not having redundant care, but also protect the
19 individual's interest in getting a robust set of services to
20 essentially replace what you would get in a lawsuit.

21 MR. CORNACK: I think when we're talking to case
22 managers, I think they always bring that to the table, to
23 have a third party -- not that you want to add another layer
24 of communicator. Because many of the case managers work for
25 the insurance company already. You're now putting in a

1 third -- another party. On some of the heavier cases, it
2 makes all the sense in the world. If you -- especially if
3 you've heard there's a problem with this case or payment or
4 whatever, or they're not moving a case forward from a
5 catastrophic perspective.

6 MR. ROSS: But on the flip side of it as well,
7 from the company's perspective, would it be helpful in
8 providing a uniformity of treatment, as well as not
9 providing necessarily access to things that would be,
10 perhaps, a possibility, but not a reasonable enough
11 possibility of providing effective care to that person?

12 MR. CORNACK: It would probably help make it more
13 stable, as far as the -- but a lot of the direction is given
14 from the physician, from the physical medicine and
15 rehabilitation professionals, so even the folks who come to
16 the table take a great deal of direction just from the
17 physician.

18 MR. HOLLOWELL: If I could follow-up on that
19 question. So you said that would make it more stable. Does
20 that translate into help make it less costly?

21 MR. CORNACK: It -- it could. I mean if they were
22 looking at the same factors. The issue with catastrophic
23 loss in our case is they are all so diversely different.

24 MR. HOLLOWELL: Anything further, Mr.
25 Commissioner? Okay.

1 MR. GAFFNEY: Is the Eisenhower Center both an
2 inpatient and an outpatient facility?

3 MR. CORNACK: We're residential -- we're vastly
4 more residential than we are outpatient, but we do deal with
5 outpatients as well.

6 MR. GAFFNEY: And give us your opinion, please,
7 about the idea of putting a worker's comp style payment
8 scheme into PIP?

9 MR. CORNACK: Worker comp payment, how we're --
10 how we have our operations now, it might drop some of our
11 services as far as level of supervision, is what we call it,
12 and so we're very careful how we monitor our clients. And
13 by dropping to a -- to a work comp scale would mean that
14 we're also dropping staff to make that break even.

15 MR. GAFFNEY: Does your facility deal with
16 individuals who are on the worker's comp system now?

17 MR. CORNACK: Yes, we have some.

18 MR. GAFFNEY: Okay. So you are a pretty good
19 person to compare the two?

20 MR. CORNACK: Yes.

21 MR. GAFFNEY: Okay. Thank you.

22 MR. CARLSON: But it's very difficult on those
23 cases, because, again, the risk to the clients are what we
24 monitor the most closely. And then they would also cut some
25 of the other things that we provide, which is quality of

1 life issues. Getting into the community, because that -- we
2 want rehab to happen both in our -- within our center, but
3 we want it to happen out where life happens.

4 MR. HOLLOWELL: Mr. Commissioner?

5 MR. ROSS: I think that's a really good point,
6 though, that you make, that since you deal with both
7 populations, that it is a delicate balance and is a tough
8 choice, but I think -- you know, I'm interested in the long-
9 term stability of the system, and I think we're getting to a
10 point where we're going to start needing to make some tough
11 decisions, because the system as it exists today, whether
12 you view it from the perspective of insurance companies are
13 making too much profit or you view it from the perspective
14 of the benefit package is too rich, it's clear that in some
15 areas of our state it's just unaffordable. And there's
16 large portions of the population that are just opting out of
17 the system, and our system really doesn't work with large
18 segments of the population not covered. And so I think it's
19 very interesting to hear that, because we are going to have
20 to start making some tough decisions, and I'm interested in
21 understanding the ways that we can make those in a nuanced
22 way that provides and maintains as robust a package as
23 possible to the vast majority of the folks.

24 MR. CORNACK: One of the major drawbacks to the
25 work comp environment is that if we reduce our staffing

1 levels, remember you're now harming the health care
2 industry, which is our strongest industry. And so you have
3 to really make sure you maintain a balance, and I think that
4 is going to be difficult for us all to work out. Because
5 you don't want to lose policies because you're not employing
6 people to work in the health care field. And that's a huge
7 issue, especially to the major centers, to the major
8 hospitals. This is not an insignificant issue to them, and
9 they should be probably the people presenting this.

10 MR. HOLLOWELL: You know, you said the word
11 "balance," and that's -- it struck me as an insightful,
12 maybe, way to think about this. So thank you for your
13 testimony. It's been very, very helpful.

14 MR. CORNACK: Thank you.

15 MR. HOLLOWELL: Mr. Commissioner, Mr. President,
16 any other questions?

17 MR. GAFFNEY: Thank you.

18 MR. HOLLOWELL: Thank you very much. We're just
19 out of time, but I did want to read to you the results of
20 the audience poll.

21 To question number one. Have your auto insurance rates
22 gone down in the last two years? Yes, 29 percent; no, 50
23 percent; don't know, 21 percent.

24 Two. Should insurance companies be able to keep their
25 privilege of being able to raise rates without first being

1 reviewed and approved by the State Insurance Commissioner?

2 Yes, 21 percent; no, 71 percent; don't know, 7 percent.

3 Three. Should insurance companies be allowed to use
4 your credit history, your occupation and your level of
5 education in setting your rate? Yes, 36 percent; no, 57
6 percent; don't know, 0.

7 Four. Should insurance companies be allowed to sell
8 your personal information to third party marketing partners,
9 a practice called data mining? Yes, 0 percent; no, 93
10 percent; don't know, 7 percent.

11 Five. Nationally insurance company profits are at
12 their highest levels in U.S. history. Should excess profits
13 be used to lower premiums? Yes, 64 percent; no, 14 percent;
14 don't know, 21 percent.

15 Six. Should the State Insurance Commissioner be
16 allowed to issue refunds to the public if he or she finds
17 companies have overcharged the public? Yes, 71 percent; no,
18 21 percent; don't know, 7 percent.

19 Seven. If you did not have access to an automobile,
20 could you get to work by public transportation? Yes, 29
21 percent; no, 50 percent; don't know, 7 percent.

22 Eight. If you did not have access to an automobile,
23 would this limit your future employment prospects? Yes, 43
24 percent; no, 36 percent; don't know, 7 percent.

25 So I want to again thank you so much for taking the

1 time out of your day to be here. We're truly grateful, and
2 we will put this information into an annual report. You
3 should know that the transcripts to the hearing and all the
4 Exhibits will be made available free of charge to the public
5 on our web site. And, with that, the hearing is adjourned.
6 Thank you.

7 (Hearing adjourned at 6:10 p.m.)

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